(b) whether Supreme Court also directed each Bank to contribute Rs. 50 lakhs annually in this fund; and

(c) the details of schemes implemented and amounts released so far towards the welfare of disabled people through this Central Corpus Funds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) In the matter of Indian Bank's Association and others Vs Devkala Consultancy Services & Others in SLP (c) 6594 of 1999, the Hon'ble Supreme Court had, in its judgement dated 16.04.2004, *inter-alia,* ordered that excess interest collected by the Banks from the borrowers should be recovered from the Banks and be credited to a Trust to be created for the benefit of disadvantaged people. The Court also ordered that Comptroller & Auditor General of India (C&AG) should effect the recovery and act as Chairman of the Trust to be set up with the funds of the excess interest and interest tax, with Law Secretary and Finance Secretary as Trustees. The Hon'ble Court had also directed that each concerned Bank shall contribute to the extent of Rs. 50 lakh to the said Trust. To implement the judgement of the Hon'ble Supreme Court, Government has advised all concerned Banks to calculate the excess amount of interest collected by them from the borrowers and keep funds readily available for remittance to the Trust, in accordance with the said Order of the Hon'ble Court.

(c) The question of formulation/implementation of the schemes would arise only after creation of Central Corpus Fund.

Corruption in sanctioning of loans by Banks

3992. SHRI N.R. GOVINDARAJAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that most of the loans are sanctioned by commercial, regional, rural and co-operative Banks in the country on bribe basis;

(b) whether the World Bank and National Council of Applied Economic Research (NCAER) have conducted any study in this regard; and

(c) if so, the details thereof and the remedial steps taken by Government to check such corruption?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) A news item had appeared in The Statesman on 10th Nov., 2005 regarding bribe for getting loan from banks, quoting a study by National Council of Applied Economic Research (NCAER). NCAER) has reported that the Rural Financial Access Survey (RFAS) was undertaken by the World Bank and NCAER in 2003 in two large states of Andhra Pradesh (AP) and Uttar Pradesh (UP) for an estimate of the pattern of access of different sources of credit by the Rural households of the two states. The RFAS used a three-stage stratified sampling design to approach 12000 households in each state from which 3000 households were to be selected for detailed canvassing of a household questionnaire. After eliminating for different possible errors in the questionnaires, the actual sample consists of 2971 households in AP and 2606 households in U.P. The report indicates that bribes paid by some applicants add to their total borrowing cost.

RBI and Government have taken several measures to prevent irregularities in the Banking Industry. Banks have been advised from time to time to strengthen the vigilance set up and introduce preventive and prohibitive measures. The functioning of vigilance system is reviewed during the course of on-site inspections. Various measures such as periodical rotation of staff whichin the branch and from one branch to another; prompt disciplinary action, awarding exemplary and deterrent punishment to the delinquent employees and intensive screening of the candidates at the time of recruitment are being taken. Further, as and when such irregularities come to the notice, severe action is taken against the delinquent employee(s) under relevant conduct regulations and suitable penalty is imposed.

Exemption of Service tax to Punjab Ex-Servicemen Corporation

3993. SHRIMATI SUKHBUNS KAUR:
SHRI DHARAM PAL SABHARWAL:
DR. VIJAY MALLYA:

Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Punjab has taken up the demand of Punjab Ex-servicemen Corporation for exemption from Service Tax for the security services rendered by them for security related job;